

**Introduced by Senator Hernandez**  
(Principal coauthor: Assembly Member Monning)

January 10, 2012

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An act to add Section 1374.59 to the Health and Safety Code, relating to health care service plans.

LEGISLATIVE COUNSEL'S DIGEST

SB 961, as introduced, Hernandez. Health care service plans.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensing and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of the act a crime. Existing law provides for the licensing and regulation of health insurers by the Insurance Commissioner. The California Health Benefit Exchange is governed by a board and the board is required to facilitate enrollment of qualified individuals in qualified health plans.

Existing federal law, the federal Patient Protection and Affordable Care Act, commencing on and after January 1, 2014, requires each health insurance issuer that offers health insurance coverage in the individual or group market in a state to accept every employer and individual in the state that applies for that coverage and requires the issuer to renew that coverage. Existing federal law, commencing on and after January 1, 2014, prohibits discriminatory premium rates charged by a health insurance issuer for health insurance coverage offered in the individual or small group market, as specified, and also prohibits discrimination against individuals based on health status. Existing federal law, commencing on and after January 1, 2014, except as otherwise specified, prohibits a group health plan and a health insurance issuer offering group or individual health insurance coverage

from imposing any preexisting condition exclusion with respect to that plan or coverage.

This bill would, to the extent required by federal law, require a health care service plan contract to comply with these federal requirements. The bill would require the department to consult and coordinate with the commissioner and the Exchange in carrying out these provisions.

Because a willful violation of these provisions would constitute a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
 State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 1374.59 is added to the Health and Safety
- 2 Code, to read:
- 3 1374.59. (a) To the extent required by federal law, every health
- 4 care service plan contract, except a specialized health care service
- 5 plan contract, shall comply with the following provisions related
- 6 to the offer, sale, issuance, and renewal of health care service plan
- 7 contracts, consistent with federal law and implementing rules,
- 8 regulations, and federal guidance:
- 9 (1) Guaranteed availability of coverage pursuant to Section
- 10 2702 of the Public Health Service Act (42 U.S.C. Sec. 300gg-1).
- 11 (2) Guaranteed renewability of coverage pursuant to Section
- 12 2703 of the Public Health Service Act (42 U.S.C. Sec. 300gg-2).
- 13 (3) The portability and nondiscrimination provisions in Sections
- 14 2701, 2704, and 2705 of the Public Health Service Act (42 U.S.C.
- 15 Secs. 300gg, 300gg-3, and 300gg-4).
- 16 (b) The department shall consult and coordinate with the
- 17 Insurance Commissioner in the implementation and enforcement
- 18 of this section to ensure uniform and consistent rules, regulations,
- 19 guidance, and enforcement for health care service plans sold to
- 20 individuals in this state.
- 21 (c) In implementing this section, the department shall, in
- 22 addition to the requirements in subdivision (b), consult and

1 coordinate with the California Health Benefit Exchange established  
2 pursuant to Section 100500 of the Government Code.

3 SEC. 2. No reimbursement is required by this act pursuant to  
4 Section 6 of Article XIII B of the California Constitution because  
5 the only costs that may be incurred by a local agency or school  
6 district will be incurred because this act creates a new crime or  
7 infraction, eliminates a crime or infraction, or changes the penalty  
8 for a crime or infraction, within the meaning of Section 17556 of  
9 the Government Code, or changes the definition of a crime within  
10 the meaning of Section 6 of Article XIII B of the California  
11 Constitution.

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